

BEFORE THE DEPARTMENT OF REVENUE
OF THE STATE OF MONTANA

In the matter of the proposed adoption of)	NOTICE OF PUBLIC
New Rules I and II relating to Taxpayer)	HEARING ON PROPOSED
Qualifications for the 2006 Property Tax)	ADOPTION
Refund)	

TO: All Concerned Persons

1. On July 12, 2007, at 1:00 p.m., a public hearing will be held in the Fourth East Conference Room of the Sam W. Mitchell Building, at Helena, Montana, to consider the adoption of the above-stated rules.

Individuals planning to attend the hearing shall enter the building through the east doors of the Sam W. Mitchell Building, 125 North Roberts, Helena, Montana.

2. The Department of Revenue will make reasonable accommodations for persons with disabilities who wish to participate in this public hearing or need an alternative accessible format of this notice. If you require an accommodation, contact the Department of Revenue no later than 5:00 p.m., July 5, 2007, to advise us of the nature of the accommodation that you need. Please contact Cleo Anderson, Department of Revenue, Director's Office, P.O. Box 7701, Helena, Montana 59604-7701; telephone (406) 444-5828; fax (406) 444-3696; or e-mail canderson@mt.gov.

3. The proposed new rules do not replace or modify any section currently found in the Administrative Rules of Montana. The proposed new rules provide as follows:

NEW RULE I QUALIFYING FOR THE 2006 PROPERTY TAX REFUND

(1) If a taxpayer or taxpayers changed principal Montana residences during 2006, the department may consider the ownership and occupancy of the successive residence as a principal residence when determining whether the taxpayer or taxpayers qualify for the minimum term of residence for the property tax refund as provided in 2007 Mont. Laws, ch. 6 (effective June 1, 2007).

(2) For the successive residence to be considered as a principal residence for purposes of a minimum term of residence for the property tax refund as stated in 2007 Mont. Laws, ch. 6 (effective June 1, 2007), the taxpayer or taxpayers must, during 2006:

- (a) release ownership of the primary principal residence in Montana and take ownership of the successive principal residence in Montana;
- (b) move out of the primary principal residence in Montana and into the successive principal residence in Montana; and
- (c) have paid Montana property taxes on either or both residences for at least seven months.

(3) The taxpayer or taxpayers may only make a claim for a refund under 2007 Mont. Laws, ch. 6 (effective June 1, 2007) for one of the residences.

MAR Notice No. 42-2-775

REVENUE AND TRANSPORTATION
JUNE 21, 2007

EXHIBIT 7

AUTH: 15-1-201, 15-30-105, 15-30-140, MCA

IMP: 2007 Mont. Laws, ch. 6 (effective June 1, 2007), 15-1-201, 15-30-140, MCA

REASONABLE NECESSITY: The department is proposing to adopt New Rule I because the 60th Legislature during Special Session enacted HB 9, Chapter 6, which provides for a \$400 property tax refund for residents of Montana who resided in their principal residential property for more than seven months during 2006 and paid property taxes which exceeded \$400 (possibly including 2005 and 2004 taxes). This rule is necessary to clarify the criteria the department will use when determining eligibility for this tax refund when a Montana taxpayer moved from one principal residence to another principal residence within the state during 2006.

NEW RULE II PROPERTY TAX REFUND FOR ENTITIES OWNING A RESIDENCE (1) The property tax refund claimed by a tax paying entity that owned a residence for at least seven months during 2006 shall be issued to the person or persons that:

- (a) occupied the residence as their principal residence for at least seven months during 2006; and
- (b) owned 20% or more of the shares or other membership interests of the entity owning the residence.

AUTH: 15-1-201, 15-30-105, 15-30-140, MCA

IMP: 2007 Mont. Laws, ch. 6 (effective June 1, 2007), 15-1-201, 15-30-140, MCA

REASONABLE NECESSITY: The department is proposing to adopt New Rule II to clarify who is eligible to receive the \$400 property tax refund as it applies to the percentage of ownership interest in a residence when that residence is owned by an entity rather than a person.

4. Concerned persons may submit their data, views, or arguments, either orally or in writing, at the hearing. Written data, views, or arguments may also be submitted to: Cleo Anderson, Department of Revenue, Director's Office, P.O. Box 7701, Helena, Montana 59604-7701; telephone (406) 444-5828; fax (406) 444-3696; or e-mail canderson@mt.gov and must be received no later than July 20, 2007.

5. Cleo Anderson, Department of Revenue, Director's Office, has been designated to preside over and conduct the hearing.

6. An electronic copy of this Notice of Public Hearing is available through the department's site on the World Wide Web at www.mt.gov/revenue, under "for your reference"; "DOR administrative rules"; and "upcoming events and proposed rule changes." The department strives to make the electronic copy of this Notice of Public Hearing conform to the official version of the Notice, as printed in the Montana Administrative Register, but advises all concerned persons that in the

event of a discrepancy between the official printed text of the Notice and the electronic version of the Notice, only the official printed text will be considered. In addition, although the department strives to keep its web site accessible at all times, concerned persons should be aware that the web site may be unavailable during some periods, due to system maintenance or technical problems.

7. The Department of Revenue maintains a list of interested persons who wish to receive notices of rulemaking actions proposed by this agency. Persons who wish to have their name added to the list shall make a written request, which includes the name and mailing address of the person to receive notices and specifies that the person wishes to receive notices regarding particular subject matter or matters. Such written request may be mailed or delivered to the person in 4 above or faxed to the office at (406) 444-3696, or may be made by completing a request form at any rules hearing held by the Department of Revenue.

8. The bill sponsor notice requirements of 2-4-302, MCA, apply and have been fulfilled. The primary bill sponsor, Representative Jon Sonju, was notified on June 8, 2007, by electronic mail.

/s/ Cleo Anderson
CLEO ANDERSON
Rule Reviewer

/s/ Dan R. Bucks
DAN R. BUCKS
Director of Revenue

Certified to Secretary of State June 11, 2007